GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:4638
ANSWERED ON:23.04.2003
CAPACITY UTILISATION OF TELECOM SERVICES
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether the capacity utilisation in the telecom services sector has remained at about 40% due to the inverted duty structure encouraging inputs;

(b) if so, the facts thereof;

(c) whether the growth in the telecom services sector is likely to shrink considerably as a result of the existing inverted duty structure;

(d) if so, whether the Telecom Equipment Manufacturers Association of India (TEMA) has proposed any measures in this regard;

(e) if so, whether the Government have examined the proposals made by the TEMA in this regard; and

(f) if so, the details thereof and the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRIMATI SUI MAHAJAN)

(a) & (b) The capacity utilisation in the telecom services sector is not dependent on the duty structure of the inputs.

(c) Does not arise in view of (a) & (b) above.

(d) to (f) Telecom Equipment Manufacturers Association of India (TEMA) had submitted a number of representations on various issues related to customs duty and other tax matters as a part or their budget proposals for the year 2003-2004. These representations have been considered by the Government and a number of incentives have been announced in the budget 2003-2004 and also in the Exim Policy 2002-2007, amended on 31.03.2003. Some of the incentives are as under:-

(i) Cellular phones, mobile phones, pagers, radio trunking terminals and parts, components and accessories of mobile handsets including cellular phones have been exempted from excise duty to boost indigenous manufacturing.

(ii) Central sales Tax has been reduced from 4% to 2%.

(iii) Basic customs duty on populated Printed Circuit Boards (PCBs) for transmission equipment has been reduced from 15% to 10%.

(iv) All the products covered under Information Technology Agreement (ITA-I) of World Trade Organisation (WTO) have been extended the benefit of Electronic Hardware Technology Park (EHTP) Scheme in Export Import Policy 2002-2007 amended on 31.03.2003 to boost indigenous telecom manufacturing industry.